

Item 8.01. Other Events.

Costar Video Systems, LLC (“Costar”), a subsidiary of Dynabazaar, Inc. (“Dynabazaar”), entered into a strategic alliance agreement (the “Strategic Alliance Agreement”) with Sielox, LLC (“Sielox”), a subsidiary of L Q Corporation, Inc., (“L Q Corporation”) dated as of September 15, 2006, pursuant to which the companies have agreed to explore mutually beneficial opportunities to work together, including, without limitation, through a joint venture, joint sales or joint marketing arrangement, or other business arrangement or strategic alliance.

Costar designs, sources and distributes video and imaging products for the security and industrial markets. Sielox engages in the development, design and distribution of open architecture access control software, programmable controllers, readers and identity cards used to provide access control security to end users such as office buildings, factories, universities and hospitals.

Costar and Sielox are also parties to a distribution agreement, dated July 31, 2006 (the “Distribution Agreement”), pursuant to which Sielox was appointed as an authorized distributor of certain products of Costar.

Barington Capital Group, L.P. (“Barington”) and a group of other investors which have joined with Barington in the filing of a statement on Schedule 13D, collectively own greater than 10% of the outstanding common stock of both Dynabazaar and L Q Corporation. James A. Mitarotonda, who serves as a director, President and Chief Executive Officer of Dynabazaar, is Chairman, President and Chief Executive Officer of a corporation that is the general partner of Barington. Mr. Mitarotonda also currently serves as a director of L Q Corporation. Sebastian E. Cassetta, who serves as the Chief Executive Officer of Costar, is a Senior Managing Director and the Chief Operating Officer of Barington. Mr. Cassetta is also a director, President and Chief Executive Officer of L Q Corporation. Barington is party to separate administrative services agreements with Dynabazaar and L Q Corporation, pursuant to which Barington performs certain administrative, accounting and other services on behalf of each company.

The board of directors of Dynabazaar, including each director independent of Barington, approved the execution and delivery of the Strategic Alliance Agreement on behalf of Dynabazaar.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

DYNABAZAAR, INC.

Dated: September 21, 2006

By: /s/ James A. Mitarotonda

James A. Mitarotonda
President and Chief Executive Officer